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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appellants: Brian Alan Grove et al.

TITLE: METHOD AND SYSTEM TO ADJUST A SELLER FIXED PRICE OFFER

Docket No.: 2043.036US1
Filed: December 30, 2003
Examiner: Yogesh C. Garg

Serial No.: 10/750,052
Due Date: April 12, 2008
Group Art Unit: 3625

MS Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
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APPELLANT'S REPLY BRIEF UNDER 37 C.F.R. 41.41

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In response to the Examiner's Answer mailed February, 12, 2008, please see the remarks below:

STATUS OF THE CLAIMS

The present application was filed on December 30, 2003 with claims 1-131. In response to a Restriction Requirement mailed August 2, 2006, claims 1-14, 23-50, 59-86, 95-115 and 120-131 were canceled. A non-final Office Action was mailed December 22, 2006. In response, claims 22, 58 and 94 were canceled. A Final Office Action (hereinafter "the Final Office Action") was mailed June 26, 2007. Claims 15-21, 51-57, 87-93 and 116-119 stand twice rejected, remain pending, and are the subject of the present Appeal.

STATUS OF AMENDMENTS

No amendments have been made subsequent to the Final Office Action mailed June 26, 2007.

REMARKS

The Appellants have reviewed the Answer and believes the statements in the Appeal Brief remain accurate and compelling. The Appellants below respond to points raised in Examiner's Answer.

Applicable Law

In rejecting claims under 35 U.S.C. §103, the Examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness. *See* M.P.E.P. §2142.

In *KSR Int'l Co. v. Teleflex Inc.*[1], the analysis of obviousness previously set forth in *Graham v. John Deere Co. of Kansas City*[2], was reaffirmed. The Court in *Graham* had set out an objective analysis for applying §103 as follows:

> "Under §103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background the obviousness or nonobviousness of the subject matter is determined."[3]

When claim elements are found in more than one reference, the fact finder must determine "whether a person of ordinary skill in the art, possessed with the understandings and knowledge reflected in the prior art, and motivated by the general problem facing the inventor, would have been led to make the combination recited in the claims." *In re Kahn*[4]. In so doing, the Examiner must make the factual determinations set forth in *Graham v. John Deere Co. of Kansas City*[5]. If the prior art teaches away from combining certain known elements, discovery of a successful means of combining them is more likely to be nonobvious.[6] Quoting *In re Kahn*, the KSR court further said, "'rejections on obviousness grounds cannot be sustained by mere

[1] KSR International Co. v. Teleflex Inc. et al, 127 S.Ct. 1727, 82 USPQ.2d 1385 (2007).
[2] 383 U.S. 1, 17, 86 S.Ct. 684, 15 L.Ed.2d 545 (1966).
[3] The Court in *KSR v. Teleflex*, at page 1730, quoted the analysis of *Graham* from page 18.
[4] 441 F.3d 977, 988, 78 USPQ2d 1329, 1337 (Fed. Cir. 2006).
[5] 383 U.S. 1 at 467.
[6] 127S.Ct. 1727, 1740.

conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.""[7]

Further, to establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the reference. *In re Royka*[8]. "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*[9]. Office personnel must rely on the applicant's disclosure to properly determine the meaning of the claims. *Markman v. Westview Instruments*[10].

Arguments

Appellants believe that patentablity is best understood with regard to claim 87 which includes the following limitation:

> *notifying automatically one or more bidders of the adjustment of the reserve price*

1. The Graham Requirement for Determining the Scope and Content of the Prior Art has Not been Satisfied by the Examiner because Paragraph 71 of Nishi does not Disclose "Any" Data that is Submitted at the Seller's Equipment is Sent and Shown on the Buyer Equipment"

The Examiner's Answer alleges that paragraph 71 of Nishi teaches "any data submitted at the assessor [seller] equipment...is sent and shown on the buyer equipment *20*).[11]

Appellants traverse this rejection. Paragraph 71 of Nishi states:

> [0071] ... Data submitted at the assessor equipment 16 is sent to and shown on the buyer equipment 20. Data is transmitted and processed in the same way between the organizer equipment 12 and the assessor equipment 16, and between the organizer equipment 12 and the buyer equipment 20.[12]

---

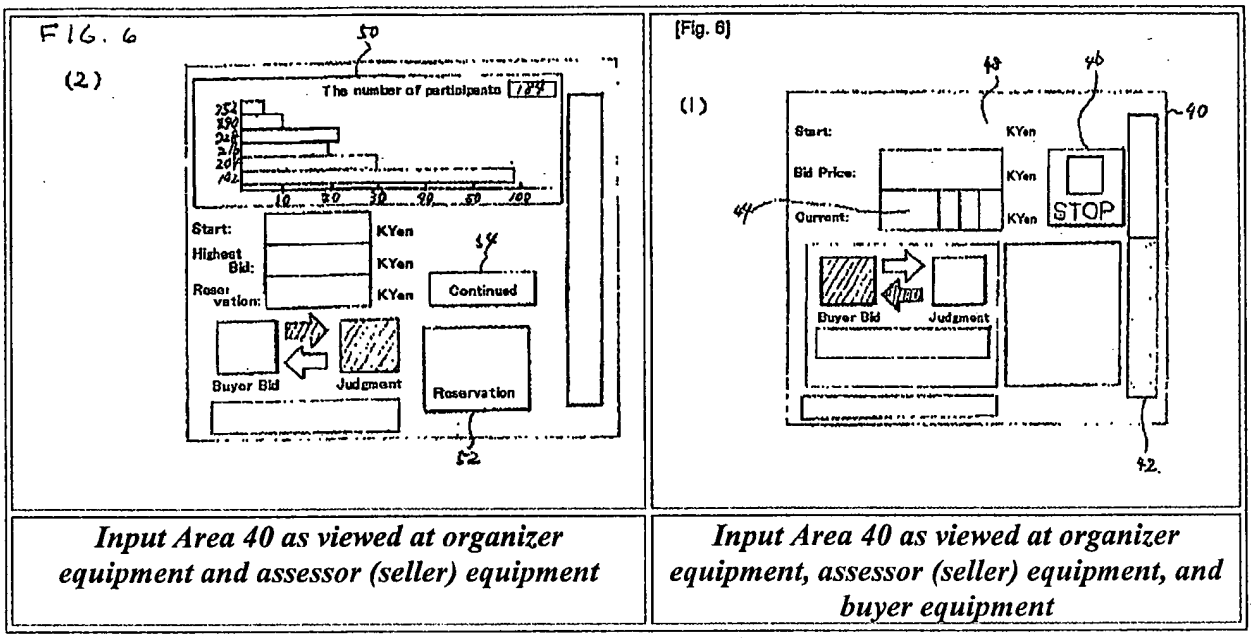
[7] Id., at 1741.
[8] 490 F.2d 981, 180 USPQ 580 (CCPA 1974).
[9] 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970).
[10] 52 F.3d 967, 980, 34 USPQ2d 1321, 1330 (Fed. Cir.) (*en banc*), *aff'd*, U.S., 116 S. Ct. 1384 (1996).
[11] Examiner's Answer, Page 7.
[12] Nishi, paragraph 71.

Paragraph 71 from Nishi does not teach "any data submitted at the assessor [seller] equipment...is sent and shown on the buyer equipment *20*),[13] but rather, "Data submitted at the assessor equipment 16 is sent to and shown on the buyer equipment 20." Adding the word "any" to the text of paragraph 71 results in incorrectly determining the scope and content of Nishi. Moreover, Nishi provides evidence to the contrary that, in view of paragraph 71, constitutes a teaching away from the limitations of claim 87.

2. Discovering a Successful means of Combining Holden with Nishi is Not Obvious because Nishi Teaches Away from the Limitations of Claim 87 By Disclosing a Modification of a Reserve Price that is Submitted at the Seller Equipment and Not Shown on the Buyer Equipment

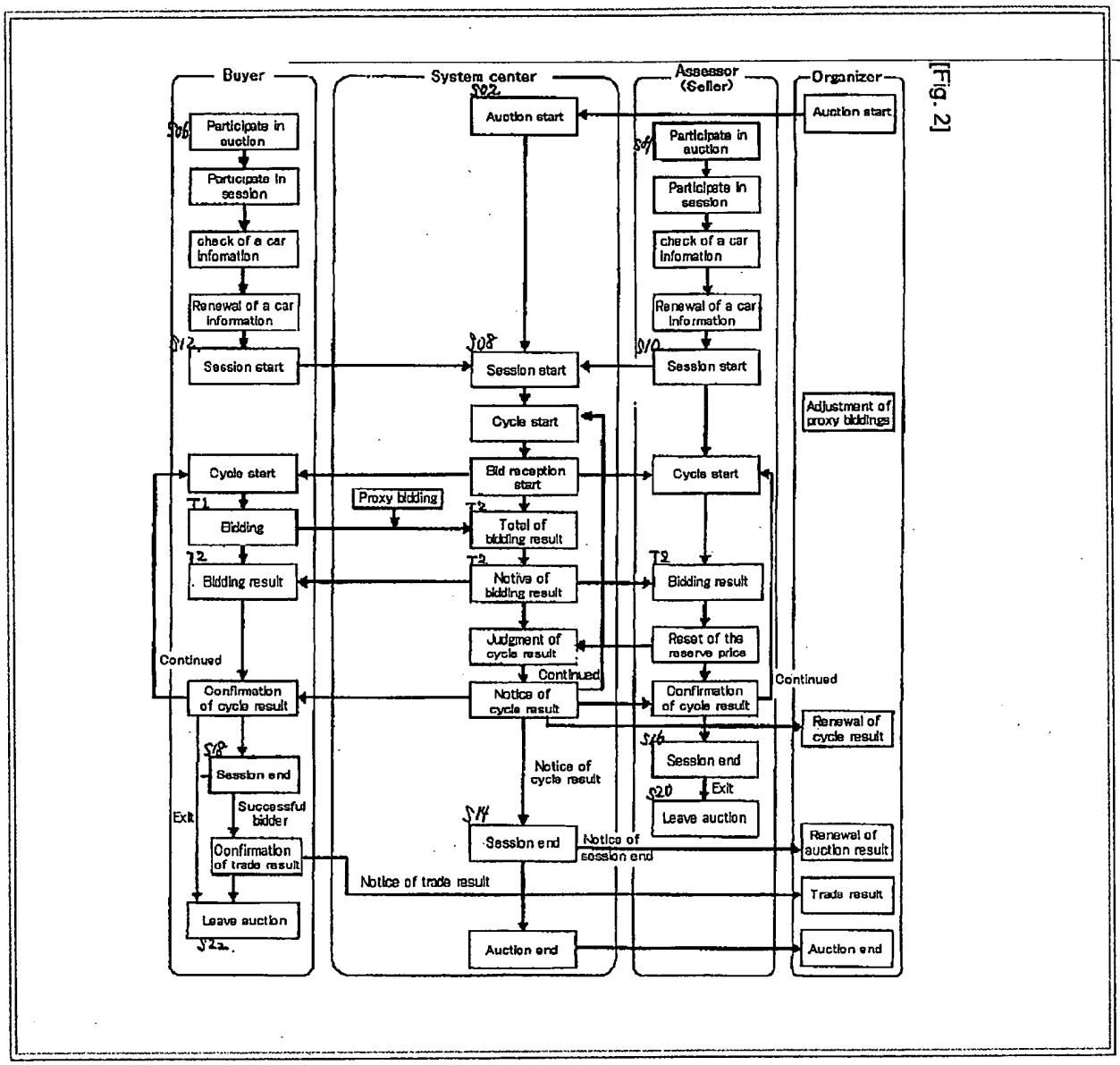
Nishi relates a modification of a reserve price that is submitted at the Assessor (seller) Equipment and not shown on the Buyer equipment. For example, Nishi relates a screen that includes an input area 40 that may be used to modify a reserve price at assessor equipment that is not shown on buyer equipment 20. Specifically, Nishi relates an input area 40 that includes a "reserve price modification button" (reservation) that may be selected at organizer equipment and assessor (seller) equipment and "reservation" data that may be viewed at organizer equipment and assessor (seller) equipment during a "bidding status notification period P2" and a "trade judgment period."[14] In contrast, Nishi relates, a similar input area 40 that does not include the "reserve price modification button" (reservation) or the "reservation" data that may be viewed by organizer equipment, assessor (seller) equipment, and buyer equipment in the "bidding period."[15] Diagrams representing the screens appear below:

[13] Examiner's Answer, Page 7.
[14] Nishi, paragraph 101.
[15] Id., paragraph 98.



Input Area 40 as viewed at organizer equipment and assessor (seller) equipment	*Input Area 40 as viewed at organizer equipment, assessor (seller) equipment, and buyer equipment*

Clearly the above from Nishi relates "reservation" data that may be submitted at the assessor [seller] equipment and not shown on the buyer equipment 20. In view of paragraph 71 Nishi may be said to teach away from the limitations of claim 87 in discouraging the solution of claim 87 by *selectively* removing "reservation" data from the input area 40 that appears at the buyer equipment. To be sure, the above from Nishi is corroborated by the following from Nishi:



[Fig. 2]

The above Figure 2 is a diagram illustrating a system flow for Nishi's system.[16] The left column illustrates operations performed at the Buyer equipment. The center left column illustrates operations performed at the System center (organizer) equipment. The center right column illustrates operations performed at the assessor (seller) equipment.

[16] Nishi, paragraph 75.

The System center is illustrated as providing notices to the buyer equipment and the assessor (seller) equipment. Specifically, the center column includes boxes denoting the System center as sending a "Bidding Result Notice" and a "Notice of Cycle Result" to the buyer equipment and the Assessor (seller) equipment. The center column does not include a box denoting the System center as sending a notice for a "reset of the reserve price" notwithstanding receipt of a "reset of a reserve price" from the assessors (sellers) equipment (see "Judgment of cycle result" in center column). Accordingly, the above diagram provides further evidence that Nishi not only fails to teach or suggest a notification one or more bidders of the adjustment of a reserve price, as required by claim 87, but also teaches away from the limitations of claim 87.

3. Discovering a Successful Means of Combining Holden with Nishi is Not Obvious because Holden Teaches Away from the Limitations of Claim 87 By Deliberately Not Showing A Reserve Price to a Bidder

Appellants maintain that "Holden 'teaches away' from the limitations of claim 87" for the reason stated in Appellants' Brief, reproduced as follows:

> Holden teaches away by relating a bidding screen that does not show a reserve price (Holden, Paragraph 28). Indeed, Holden may use the reserve price as a bidding limit to prevent a sale at a catastrophically low price. Nevertheless, Holden explicitly states, with reference to the reserve price and the bidding screen, "The reserve price is not shown" (Id.). To be sure, a review of Holden yields no description whereby the reserve price is disclosed to the bidders. Indeed, Holden provides a definition of a "Reserve Price" that states, with regard to a bidding screen, "the reserve price is not shown" (Holden, Paragraph 28). Accordingly, the teachings of Holden may be said to discourage the solution recited in claim 87 because it may be said that Holden deliberately prevents showing a reserve price to a bidder.[17]

Accordingly, Holden not only fails to teach or suggest a notification one or more bidders of the adjustment of a reserve price, as required by claim 87, but also teaches away from the limitations of claim 87 by providing a definition of "Reserve Price" that states, with regard to a bidding screen, "the reserve price is not shown."[18]

[17] Appellants Appeal Brief, page 11 (emphasis added).
[18] Holden, Paragraph 28.

4. The Rejection of Claim 87 Cannot be Sustained Because it is Based on a Reason that Lacks a Rationale Underpinning for Combining Nishi and Holden

The Examiner's Answer provides the following rationale for combining Nishi and Holden:

> Nishi does not explicitly teach that notification to bidders is carried out automatically. However, it was well-known at the time of the applicant's invention to set automatic triggers for sending automatic notifications via emails to users/consumers, See Holden (at least paragraph 0082 and claim 28). In view of Holden, it would be obvious to one of an ordinary skilled in the art to set automatic triggers for automatically notifying one or more bidders about change in the reserve price because this enables efficient and real time communication of change in ongoing auction terms; even including a termination of an action due change in reserve price and which all should know.[19]
>
> ...A modification in reserve price can or may result in the termination of an ongoing auction....

Appellants disagree with the above rationale. First, Appellants continue to maintain that Nishi relates a reserve price modification that terminates the auction and not one that "can or may result in the termination of an ongoing auction" as alleged by the Examiner's Answer. Nishi states:

> [0172] When the reserve price is modified, the goods are sold at the bidding price that the reserve price modification specified. Then the current session and cycle are closed. The center system 3 closes the session without passing through the following processes in the "dealing result notification period P4"
>
> [0173] Whether the goods are successfully bid on or not.
>
> [0174] Whether the auction continues (and goes onto the next cycle).[20]

[19] Examiner's Answer, Page 7, 8.
[20] Id., paragraph 172,173 and 174.

The above from Nishi relates a modification of a reserve price that terminates an auction. Specifically, "[w]hen the reserve price is modified, the goods are sold at the bidding price that the reserve price modification specified."

Nishi further states:

> [0088] In the "trade judgment period P3," referring to the result of "bidding status notification period P2," the assessor can execute "reserve price modification" and send a request to sell the goods with the highest price entered by buyers at that cycle. This means, when certain conditions are satisfied, assessors (or sellers) can show their decision to sell goods, by looking at the status of the auction on the screen.[21]

The above from Nishi relates sellers may decide to sell goods by executing a "reserve price modification" to sell the goods with the highest price entered by buyers during the "trade judgment period P3"cycle. For the above reasons, Appellants continue to maintain that Nishi relates a reserve price modification that terminates the auction.

Second, Appellants continue to maintain that the reason proffered for combining prior art, "to enables efficient and real time communication of change in ongoing auction terms" is not rationale because Nishi relates a modification of a reserve price that terminates the auction. What is the purpose of communicating a "change in ongoing auction terms" when there is no ongoing auction? Merely asserting that "all bidders should know" fails to articulate a reason why a bidder wants to know. Moreover, Appellants submit that the rationale proffered fails to address the fact that the prior art strongly suggests that a reserve price is not disclosed to a bidder, much less any modification thereof. In summary, Appellants submit that the rejection of claim 87 cannot be sustained because it lacks a rationale underpinning for combining prior Nishi and Holden in view of the evidence that Nishi relates a modification of a reserve price that terminates the auction and in view of the evidence that both Nishi and Holden strongly suggest that a reserve price is not disclosed to a bidder.

[21] Id, paragraph 88.

5. A Person of Ordinary Skill in the Art Would Not be Motivated by the General Problem Facing the Inventor of the Invention Recited in Claim 87 to Make the Combination Recited in the Claim 87 Because Nishi and Holden, Taken as a Whole, Suggest a Reserve Price is Not Disclosed to Bidders

Generally, Nishi and Holden relate to solving problems related to real time auction systems. Neither Nishi or Holden provide any evidence that a reserve price is disclosed to buyers / bidders. Indeed Nishi relates diagrams of screens and a system flow that strongly suggest the reserve price is not disclosed to the buyer / bidders, much less, a modification of the reserve price. Holden "teaches away" from the solution recited in claim 87 and deliberately discourages the solution recited in claim 87 by providing a definition of "Reserve Price" that states, with regard to a bidding screen, "the reserve price is not shown."[22]

Accordingly, Nishi and Holden show no awareness in the art of the problem solved by the independent claims of the present application for the reason that Nishi and Holden, taken as a whole, suggest that the prior art teaches a reserve price that is not disclosed to bidders. Indeed, the references presented strongly suggest that it is the inventors of the present application that are first to see the problem itself.

Appellants continue to maintain for the above reasons (and for the reasons stated in the Appeal Brief) that the above quotes from Nishi and Holden both individually and taken as whole fail to teach or suggest the quoted limitation of claim 87 and "teach away" from the solution recited in claim 87.

[22] Holden, Paragraph 28.

CONCLUSION

Appellants respectfully submit that the claims are in condition for allowance and notification to that effect is earnestly requested. The Examiner is invited to telephone Appellants' attorney at 408-278-4046 to facilitate prosecution of this application.

If necessary, please charge any additional fees or credit overpayment to Deposit Account No. 19-0743.

Respectfully submitted,

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Date April 8, 2008

By /Mark R. Vatuone/
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Ryan Saunders
Name

Signature